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LOGNOTE -- A/Chief, Operations Group, 29 August 1983

1. [] FSN COMPENSATION--PMCD and FBIS are in the process of finalizing all bureau payscales under the new FBN classification/compensation system. Once completed, they will be forwarded to the Director of Personnel for signature. The next step in the implementation process is for PMCD to coordinate with the Department of State foreign national administration to advise the respective embassies and regional finance centers of FBIS plans and the system implementation date which has been tentatively set for 1 October. Depending on how cooperative State is and how fast it moves on notifying the embassies and finance centers, we can come close to if not actually meeting this deadline.

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Based on previous experience in dealing with State and with the present antagonism between State and FBIS created by our non-participation in the interagency classification and compensation system, cooperation could be a lengthy and difficult process. A worst-case scenario would be for State to refuse to provide administrative support, thus forcing FBIS to implement its own payrolling system. A less severe and acceptable State response would be continued support but higher FAAS charges for operating a deviant compensation system. [] will be contacting [] State Liaison Branch of the SSA/DDA, to test the waters as it were.

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In the interim, FBIS/PMCD have been investigating the possibility of payrolling foreign service nationals from Headquarters through foreign banks by setting up checking accounts through which dollar funds would be converted to local currency and then disbursed by either checks written by the bureau chief or deposited by the bank electronically into individual checking accounts.

To better grasp the advantages and disadvantages of such a system, a message was sent last week soliciting comment from the bureau chiefs on what impact this would have on the individual bureaus. Responses to date have not been overly favorable.

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On Friday, I met with [] and [] of the Office of Finance, [] of PMCD, [] to determine the feasibility of implementing such a system. After a lengthy discussion, it was determined that although theoretically possible, the present Headquarters payrolling procedures, the fluctuating currency exchange rates, the increased administrative burden on Headquarters and the field bureaus (assumption of tasks now provided by embassies would require minimum of one admin assistant at those bureaus which rely on embassies for admin support--Hong Kong, Seoul, etc), and the administrative peculiarities of each bureau would make it difficult if not impractical to implement such a system.

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It was decided that first priority would be to coordinate with State for payrolling foreign nationals through the regional finance centers. If unsuccessful, then further thought would have to be given to setting up our own compensation system.

(cc: D/FBIS, C/AS)